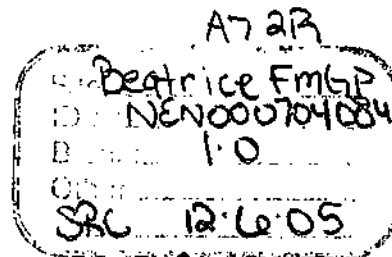




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December 6, 2005

Ms. Barbara L. Peterson
Assistant Regional Counsel
United States Environmental
Protection Agency
Region VII
901 North 5th Street
Kansas City, KS 66101



RE: Beatrice Former Manufactured Gas Plant ("FMGP") Site
Beatrice, Nebraska

Dear Ms. Peterson:

Thank you for your letter of December 6th. I well appreciate the sentiment which it is intended to convey and in fact does convey.

Earlier this week, I forwarded an e-mail to you that included the record of proceedings of the Beatrice City Council for December 5th. I am in hopes that you received that.

I realize that you may be weary of being reminded that I am dealing with a municipality that is controlled by a mayor and city council. It is, however, the case that it is exactly what I am dealing with. Moreover, the members of the Beatrice City Council, to my mind, have evidenced interest, concern, insight, and, understandably, frustration. They are faced with a crisis that could literally bankrupt the City. Frankly, there is inadequate money in the budget, at the moment, to meet the moderate obligation for financial participation which has already been communicated.

With all of this said, and nevertheless, the City voted on December 5th to instruct the pursuit of negotiations with the Environmental Protection Agency and Centel. The authority is broader than that which had been previously, guardedly

Ms. Barbara L. Peterson
December 9, 2005
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extended. The use of the resolution was intended to convey the City's commitment to participation in the process and by this correspondence; I am confirming this to be so.

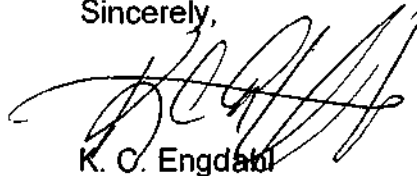
The City has one meeting left before year's end. One of the first tasks that they will undertake in the new year will be the budgeting process. The matter which you and I are working on will require consideration in that process. Because of this, I cannot make a reasonable representation to you that requisite authority and/or authorizations and/or instructions will be provided, suggested, or capable of quantification before year's end.

In addition, I remain and will remain convinced that at some point in time, preferably early January, it would be helpful if you were to make an appearance before the Council so as to succinctly communicate your agency's position and diminishing level of patience. With regard to those issues, I believe you simply maintain a level of credibility which has to be superior to my own.

By copy of this correspondence to Mr. Schafer, the City's attorney, and Mr. Bauer, the City Administrator, I am both suggesting that such an appearance would be a wise course of action and I am curious as to how we might be able to work such a thing into agendas for an upcoming meeting.

I again want to thank you personally for your ongoing attention, courtesies, and patience extended as a function of that courtesy, with regard to the matter. I do believe it will yield a dividend and if I did not believe that were so, I would make no such intimation.

Sincerely,

A handwritten signature in black ink, appearing to read 'K. C. Engdahl', with a large, sweeping flourish extending from the end of the signature.

K. C. Engdahl

KCE:bg

cc: Mr. Robert Schafer
Mr. James Bauer